



**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION IX
75 Hawthorne Street
San Francisco, CA 94105**

October 24, 2008

BY CERTIFIED MAIL and BY EMAIL

Lawrence F. Meyer
Greenwald, Hoffman, Meyer & Montes
500 North Brand Blvd, Suite 920
Glendale, California 91203-1923

Re: EPA Disapproval of Los Angeles By Products' Work Plan Submitted
Pursuant to the Unilateral Administrative Order, EPA CERCLA Docket
No. 9-008-0025

Dear Mr. Meyer:

The United States Environmental Protection Agency, Region IX ("EPA") received Los Angeles By Products' ("LABP") notice of intent to comply with the Unilateral Administrative Order ("UAO"), EPA CERCLA Docket No. EPA 9-2008-0025, issued to LABP and other parties on September 18, 2008.

EPA acknowledges LABP's stated intention to comply with the UAO by participating and cooperating with the parties that signed the Administrative Order on Consent ("AOC"), EPA CERCLA Docket No. 9-2008-0024, to continue the operation and maintenance of the Existing Remedy¹ pursuant to Option 1 in the UAO (See UAO Paragraph 22). EPA, however, does not approve LABP's work plan, in which it proposes to contribute forty thousand dollars (\$40,000) to the performance of the work.

EPA is willing to accept, as compliance with Option 1 of the UAO, payment by LABP of its proportionate share of the two million dollars (\$2,000,000) requested by EPA for Interim Period funding. EPA has calculated that share to be \$110,000.² LABP's proportionate share of liability was established by the liability allocation in the 1996 and 1997 Consent Decrees, and at the beginning of negotiations for Interim Period funding, LABP, along with the other Parties,³ agreed to use that allocation to determine the Parties' shares of liability in this process.

¹ The definitions of terms in the UAO shall apply when such terms are used in this letter.

² LABP's proportionate share is 5.5% of EPA's request for \$2 million of funding for the Interim Period.

³ The Parties are: Honeywell International, Inc.; Lockheed Martin Corporation; Calmat Co. dba Vulcan Materials Company, Western Division; California Car Hikers Services, Inc; Los Angeles By Products Company; Pick Your Part Auto Wrecking; Waste Management Recycling & Disposal Services of

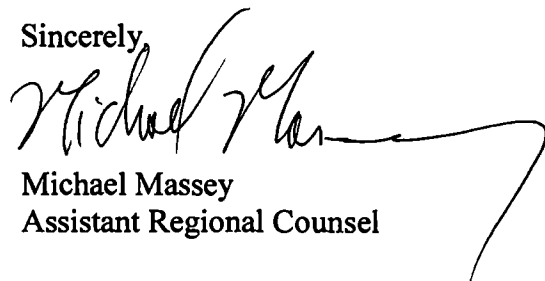
On June 4, 2008, Gene Lucero, counsel for Honeywell International Inc., acting on behalf of all Parties, sent EPA a letter with an attached term sheet ("June 4 Letter") (attached). The June 4 Letter states that the term sheet "has been reviewed and approved" by the Parties, including representatives for LABP. The first term of the June 4 Letter states: "each [Party] *agrees* to pay a *proportionate share* of the funds needed by USEPA to continue operations of the [Existing] Remedy, *based on its proportionate share* of the funds paid to the federal government under the Consent Decrees" (emphasis added).

The first term in the June 4 Letter became the foundation upon which the AOC was negotiated, and the amounts paid by the AOC Parties reflect that allocation. If LABP has changed its position with respect to the proportionate share allocation, EPA encourages LABP to address its concerns with the parties LABP believes should bear a larger share of liability.

Pursuant to Paragraph 22(c) of the UAO, EPA is providing LABP with an opportunity to submit a revised work plan for Option 1 within ten (10) days of receipt of this letter. In the alternative, LABP may choose to comply with the UAO in accordance with Option 2, in which case it must submit a work plan to contain and prevent the migration of contamination in the NHOU by October 30, 2008. If LABP again fails to submit an acceptable work plan for Option 1 or fails to meet the compliance requirements for Option 2, EPA will consider LABP to be in violation of the UAO. As you know, non-compliance with the UAO will subject LABP to civil penalties up to \$32,500 per day as well as treble damages pursuant to Sections 106(b) and 107(c)(3) of CERCLA, 42 U.S.C. §§ 9606(b) and 9607(c)(3). Penalties will accrue without any further notice to LABP.

We strongly encourage LABP to come into compliance with the UAO. If you have any questions or concerns, please feel free to contact me at (415) 972-3034.

Sincerely,



Michael Massey
Assistant Regional Counsel

Attachment

cc:

Rachel Loftin, U.S. EPA
Anita Sokolsky